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FLOOR DEBATE

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particular bill, LB 671, concerns the licensing of out-of-state shippers of alcohol. Currently, out-of-state shippers, be they through an 800 number, mail order or through the Internet, are not paying the same taxes that in-state retailers have to pay. The in-state retailers pay numerous taxes and fees in order to sell alcohol in this state. They pay a wholesale tax, an occupation tax and a license fee, as well as state and city taxes; out-of-state retailers currently pay nothing. This means that they are taking...they are not treated as our own retailers in the same way that we treat those outside of Nebraska. LB 671 was an attempt to equalize that tax burden. Last year, in an attempt to regulate this area, the Legislature passed LB 973, which imposed a use tax on those who purchase alcohol out of state. This meant that those who purchased alcohol were to report to the Department of Revenue how much they purchased and then pay that tax. Guess what? No one paid the tax. Does this mean that no one in the state of Nebraska purchased alcohol from another state? I don't think so. LB 671 more effectively deals with this problem. It requires out-of-state shippers to obtain a shipping license if they want to sell to Nebraska customers. This shipping license will be \$500 a year, which is slightly higher than other licenses, but these shippers are bypassing our three-tiered system, which means that they are not paying an occupation tax or a sales tax. They would also be required to pay the excise tax as they do in...as do the in-state retailers. After all the fees and taxes are figured in, this license is actually more economical than actually paying for the retail licenses in Nebraska; so actually they are still getting by a little less than what the Nebraska retailers have to pay. I have an amendment on the bill which corrects some wording on...within it, and the excise tax will now go to the Liquor Control Commission as do the other excise taxes. It also eliminates the Internet wording in this bill as to...is meant to apply to all shippers, not just those who...who do business on the Internet. Some questions were raised in committee as to whether the state of Nebraska is allowed to collect this kind of tax. Because of these concerns the Attorney General's Opinion was requested. Not only did it confirm that this type of legislation is allowable, but that this law should actually be less restrictive than those imposed in other states. The United States Supreme Court has clearly stated the Twenty-First